Transportation Performance Audit Board
Review of Performance and Outcome Measures of the Washington State Department of Licensing's Transportation-Related Programs

Volume 2

Current Performance Measurement Practices

SMG/Columbia Consulting Group

Final Report

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Review of the Department of Licensing
Transportation Program Performance Measures

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I. Introduction & Methodology

- This is the second volume in SMG/Columbia Consulting Group's review of the Washington Department of Licensing (DOL)'s transportation-related performance and outcome measures for the Transportation Performance Audit Board (TPAB).
- Our study is focused on programs that receive transportation funding. The original scope of the review included the Driver Services, Vehicle Services and Information Services Divisions. We added two Administrative Services functions that are directly related to transportation services, namely the Customer Service Center and Revenue Accounting.
- Our work plan consists of six tasks:
  - Task 1 – Initiate and administer the project
  - Task 2 – Collect and review background information
  - Task 3 – Interview management and staff
  - Task 4 – Survey other states to identify and compare use of benchmarks and performance measures
  - Task 5 – Evaluate the performance measures and management system
  - Task 6 – Prepare draft and final reports
- This volume summarizes DOL's current performance measurement practices based on our work in Tasks 2 and 3. Findings from the remaining tasks will be addressed in subsequent volumes of the report.

I.1 Document Review and Interview Methodology

- SMG/Columbia Consulting Group began its review by meeting with the Assistant Directors, Administrators, and Program Managers to discuss the project's purpose, work plan, and data needs.
- We then began the process of collecting and reviewing the many documents that are relevant to the agency's strategic planning and performance management practices. A contact in DOL's Director's Office facilitated our data collection. The list of documents reviewed by the SMG team appears in Appendix 2A.
- To deepen our understanding of the documents provided and gather information about the culture and practices of DOL, SMG consultants interviewed key staff members in various levels of the organization, legislative analysts and personnel from the Office of Financial Management using a series of structured interviews. The list of interviewees and interview guides appear in Appendix 2B.

1.2 Summary of Findings to Date

- Our comments related to the review of the documents are combined with our comments from interview findings throughout the body of this report. The overarching themes in our preliminary findings are:

- DOL has made great strides in improving its use of performance measures for internal management since 1999. The agency has several initiatives underway to continue developing performance management capabilities.
- The agency has already achieved measurable improvement in performance from these efforts. Most notable examples of performance improvements include: reduced customer wait times at Licensing Service Offices, improved telephone customer service, and reduced Driving Under the Influence (DUI) hearing dismissal rates.
- Performance management practices vary between divisions and programs. Operational measurement systems are typically "home grown".
- An exception is the Vehicle Services Division. With the assistance of T.S. Marshall Associates, the Division is developing operational performance measures and is implementing an Excel- based performance measurement repository.
- The agency has not yet developed systematic linkages between strategic planning and performance management.

II. Answers to the Transportation Performance Audit Board's Questions

In this section we will briefly respond to the first of the questions that the Transportation Performance Audit Board posed in its Request for Proposals. Only those questions that relate to findings for Task 2 and parts of Task 3 will be addressed here. Remaining questions are answered in the other volumes of our report.

1. Has the Legislature established clear mandates, strategic plans, mission statements and goals and objectives? How are legislative mandates used to conduct DOL's activities?

<u>Legislative mandates</u>

- There are over 30 separate statutes that provide legislative guidance to DOL. In Appendix A we have listed the RCWs that are relevant to DOL's transportation programs by major agency activity.
- Legislative mandates are well understood by agency management, and agency programs and activities are focused on these mandates.
- Long-standing mandates for efficiency, effectiveness and protection of revenue are clearly understood by the DOL.
- While all legislation impacting DOL is tracked and monitored, high impact/ high profile legislation (as opposed to technical or minor impact legislation) is given extra attention.
    - Each division has a legislative manager who is responsible for ensuring that proper analysis and attention is paid to every bill impacting their division. All of the information they gain in their legislative work is entered into the agency's bill tracking system. Once legislation is enacted, the appropriate division is responsible for making sure the intent of the legislation is followed and implemented properly.
    - High profile legislation is typically identified early in the legislative process. Then, in addition to Government Relation's bill tracking effort, the Executive Policy Analyst to the Director also actively tracks the process and keeps the Director and Executive Leadership Team informed at weekly Executive Leadership Team (ELT) meetings. The Assistant Director (AD) responsible for implementing high profile legislation will report on the progress of the implementation effort at weekly ELT meetings. It is also likely that high profile legislation implementation projects will also become part of the division's Licensing Business Review (LBR) presentation (LBR presentations are brief overviews of division performance provided by division Assistant Directors and their staff to the ELT).
    - There is no formal, regularly occurring long-term assessment to ensure that the intent of the legislation is carried out. However, there is significant analysis and discussion when the legislation is first implemented to ensure there is a proper understanding of the intent, should the language of the bill be unclear.
- Interviews suggest that the new identity theft legislation may conflict with the DOL's current attempts to protect identity without being intrusive.
- The Governor's mandate to promote enterprise thinking conflicts with the Legislature's budget allotments that are made at the program level. Enterprise concepts such as the

DOL's consolidated Customer Service Center and Information Services are not easily supported by programmatic budgets. In these cases cost allocations must be used to fund consolidated activities from various program budgets which adds complexity to the decision-making and accounting process and can slow down implementation.

Mandates for strategic planning and performance measurement

- RCW 43.88.090 creates certain requirements for state agencies, as follows:
  - "(Section 2) Each state agency shall define its mission and establish measurable goals for achieving desirable results for those who receive its services and the taxpayers who pay for those services. Each agency shall also develop clear strategies and timelines to achieve its goals."
  - "(Section 3) For the purpose of assessing program performance, each state agency shall establish program objectives for each major program in its budget. The objectives must be consistent with the missions and goals developed under this section. The objectives must be expressed to the extent practical in outcome-based, objective, and measurable form unless an exception to adopt a different standard is granted by the office of financial management and approved by the legislative committee on performance review."
  - "(Section 4) Each state agency shall adopt procedures for continuous self-assessment of each program and activity, using the mission, goals, objectives, and measurements required under subsections (2) and (3) of this section."
  - "(Section 5) It is the policy of the legislature that each agency's budget proposals must be directly linked to the agency's stated mission and program goals and objectives. Consistent with this policy, agency budget proposals must include integration of performance measures that allow objective determination of a program's success in achieving its goals."
- As directed by RCW 43.88.090, the Office of Financial Management (OFM) provides professional and technical direction to the DOL and other agencies in the preparation of strategic plans and performance measures.
- The Governor's Priorities of Government (POG) budget approach, Statewide Results List, Agency Activity Inventory, and Performance Agreement with the Director of the DOL articulate the Governor's priorities and provide some structure and requirements for budgeting and performance reporting.

2. Are the vision, mission goals and objectives of the Department of Licensing's major programs clearly established, and are they consistent with Legislative mandates and directions?

- The vision, mission, goals and objectives of the DOL are clearly presented in the 2005-07 Strategic Plan. The Strategic Plan is consistent with the statewide results areas identified in the State of Washington's Agency Activity Inventory and the strategies are in keeping with legislatively mandated activities.
- The agency mission presented in the biennial strategic plans has remained stable since 1999. DOL's mission statement appears below:

  "*We are an agency that protects the public safety and welfare in all areas we license and regulate, and ensures the fair, timely, and efficient collection of state revenue."*

- Some divisions have formal division or program mission statements. However, all Assistant Directors and Program Managers interviewed seemed very clear on what their business unit is required to do, and program activities are consistent with the agency's mission, goals and objectives. Internal management practices focus on managing workload to produce required outputs, and improve efficiency and customer service.

3. How are strategic plans and performance measures used for DOL management purposes?

Use of Strategic Plans

- DOL has not developed a standard and repeatable process for developing a strategic plan and performance measures that is widely understood and embraced by agency staff and management. It is likely that the continually changing strategic plan requirements and performance management directions, methods and tools used by the State of Washington over the past few years has created confusion. For example, some programs in the DOL currently use the Balanced Scorecard while others use Performance Agreements as an accountability tool.
- Strategies or initiatives for change defined in the strategic plan are linked to program activities using Performance Agreements between the Director and Assistant Directors, and Assistant Directors and Administrators/Program Managers. Performance agreements tend to include a shortlist of major accomplishments required of a manager such as, "Complete the Unisys migration by X date." The Performance Agreements are the primary tool used to align agency activities and create accountability for performance.

Use of Performance Measures

- DOL has made significant progress toward improving its performance measurement during the past year.
    - In the spring of 2004, Deputy Director Jim Fellows instituted the Licensing Business Review (LBR) process. The LBR process requires each division to deliver a presentation to the Director and Assistant Directors (AD) about division performance using a shortlist of measures. (Initially, LBR meetings were held every six weeks. Going forward the LBR meetings will be held quarterly to coincide with typical performance reporting schedules.) The DOL is effectively using the LBR to communicate performance information between Divisions and to improve inter-division decision-making. This is a significant movement away from the "silo-based" management and decision-making that could be found in the agency as recently as a year ago.
    - Divisions and programs have always collected a significant amount of output or workload data in order to manage day to day operations. Divisions are now beginning to identify measures of performance that address efficiency, effectiveness, timeliness and outcomes.
- In the *State of Washington Office of Financial Management Statewide Agency Performance Assessment* by KPMG, LLP dated January 21, 2003, DOL practices were highlighted in "Chapter 4: Potential Better Practices" for its use of the Balanced Scorecard reporting process at the division and sub-division level. Also, the report

compliments the agency for having formal process improvement plan programs for business units that are not meeting performance targets. While DOL no longer requires internal Balanced Scorecard reports from all divisions, DOL has implemented another better practice identified in the report. DOL has developed internal performance agreements between directors, assistant directors, and managers modeled after the Governor's Performance Agreement.

- Key oversight measures are not yet reported on a routine basis. However, OFM is in the process of developing a system that will report result measures from the Activity Inventory. The LBR provides a good forum for communicating performance information to management, but it does not describe results for the same measures month to month.
- There is currently no central repository for key performance data at DOL. The Vehicle Services Division has recently created its own repository for all of its oversight and operational measures and data in Excel, but the other Divisions have not yet moved in this direction. However, the agency is in the process of procuring a business intelligence solution that is intended to become the repository for performance related data. More research on this topic will appear in subsequent deliverables.

4. Do managers and staff understand the linkages between performance measures and legislative, executive and DOL mandates?

- Division Administrators and Administrators/Program Managers understand the linkages between DOL strategies and DOL mandates. This understanding is reinforced by the Performance Agreements that are maintained between the Agency Director and his direct reports and between Assistant Directors and Administrators/Program Managers.
- Interviews reveal that it is likely that staff does not understand the linkages between performance measures and DOL mandates. To address this issue, DOL launched the manager and supervisor performance management training program called "Three Steps to Performance Transformation" in the spring of 2004. The program is intended to cascade the LBR concept of managing with measures to the program manager and supervisor levels of the organization. To date, there have been two kick-off sessions. Plans are for ongoing quarterly updates where supervisors and managers are required to present a report on their unit's performance to their peers.

5. How are performance data reported to the Legislature both for policy development and resource allocation?

- In the budget request, the Agency Activity Inventory lists expected results for each major activity area. Budget decision packages contain outcome, output, and efficiency performance measures that are intended to demonstrate the expected results of the proposed funding request.
- There is not yet a single set of oversight measures, or measures that are designed for reporting to the public, the Legislature, and the Governor. One would expect to find the same measures in the strategic plan, budget document, and in Performance Agreements. OFM is working toward developing a system for reporting actual results from the Agency Activity Inventories.
- The Governor's Office uses the Governor's Performance Agreements as its primary oversight tool for State agencies.

- TPAB does not currently require or receive any standard performance reports from DOL. Reports to TPAB have been in response to information requests.
- Most external entities that require information from DOL ask for very specific statistics such as documents processed or revenue collected and not performance reports.

III. General Findings and Observations

III.1 History of DOL Agency Strategic Planning and Performance Measurement

The Department of Licensing's (DOL) participation in strategic planning and performance measurement has changed over time as the State's use of these tools has become more sophisticated. A brief history follows:

Pre 1999

- Interviews revealed that strategic plans and measures were developed to fulfill OFM budget requirements. Planning efforts were largely "bottom-up" with each division developing its own plan and measures. Using performance measures as a management tools was not a dominant part of the culture.
- In 1997, DOL formed the Quality Services Office with a full time director in response to Executive Order 97-03 that required State agencies to designate a person responsible for the improvement of the quality systems and work processes within the agency. Five full time staff members were dedicated to "quality" activities at DOL. The staff assigned to quality initiatives had a matrix reporting relationship to division Assistant Directors and the Quality Service Director.

1999

- The DOL's Strategic Plan included a vision, values, mission and goals. This was the pilot biennium for "Performance Based Budgeting." Some measures such as wait time and service cycle time appeared in decision packages to illustrate the impact of the budget request.

2001

- Strategic Plans and "Balanced Scorecards" were created at the division and agency level. The agency Scorecard consisted of one major goal in each Scorecard perspective (financial, customer, process, and learning and growth) with measures and strategies associated with each goal.
- The 2001-2005 DOL Strategic Plan references the Governor's Performance Agreement as defining mandates that must be included in the plan.

2002

- Governor Locke initiated the "Priorities of Government" (POG) budget approach that identified results as the basis for budget decision-making. The Agency Activity Inventory was introduced as part of this process. The Priorities of Government were introduced to focus all State agencies on common goals, and to drive agency strategic plans.

2003

- The Governor's Performance Agreement became the primary required progress reporting and accountability tool. DOL progress was reported to the Governor quarterly.
- The Balanced Scorecard was required to be submitted with the Strategic Plan. The DOL was not required to report on Balanced Scorecard measures after the budget process was complete.
- According to Office of Financial Management (OFM) guidelines, this biennium marked the transition from performance measures that monitored program or activity-specific

goals to measures that were linked to the Priorities of Government. The concept of the Activity Inventory was that "expected results" or performance measures should be linked to major activities that are linked to the Priorities of Government which are the major goals for WA State.

- The Quality Services Office evolved into the Organizational Performance Office to reflect a change in focus from quality initiatives to supporting strategic planning and performance measurement at DOL. There are still five staff members that have a matrix reporting relationship to the Director of Organizational Performance and a Division Assistant Director. There is one consultant in each of the Vehicles Services, Administrative Services, Business and Professions, Information Services, and Driver Services Divisions. However, the consultant for Driver Services has been on leave since July 2004 but is expected to return January, 2005. The Information Services consultant is currently dedicated full time to the capability and maturity model process improvement effort within that division.

2004

- The Organizational Performance Director was reassigned to become the Assistant Director of Business and Professions Division. The Organizational Performance Director position remains vacant.

2005

- The Governor's Performance Agreement is the primary required progress reporting and accountability tool at the Director, Assistant Director, and Program Manager level.
- This biennium there is only an agency-wide Strategic Plan and no division Strategic Plans. This is in response to the Governor's desire for agencies to focus on enterprise-wide thinking – avoiding divisional silos. The enterprise planning strategy coordinates well with the DOL's efforts to consolidate certain functions like Information Services and Customer Service Centers (incoming telephone call centers) to improve service levels and efficiency.
- As part of the biennial budgeting process, OFM provides guidelines for the format of Strategic Plans and performance measures. Performance measures were not required to be delivered with the Strategic Plan this year, but were required to be submitted with the budget request. According to OFM guidelines, measures should appear in the Agency Activity Inventory and in budget decision packages.
- The Agency Activity Inventory appears in the budget with "expected results" for each activity. Expected results tend to be a variety of results that may or may not be true measures of performance. For example, two expected results from "Activity A001 Providing Strategic Direction through Executive and Technology Administration" are:
    - Human resource services for 1,224 employees, which includes 10,000 hours annually of employee development and training.
    - Public communications regarding the DOL's legislative and other activities.
- Placeholders for outcome, output and efficiency measures appear in decision packages of the 2005-2007 budget request. In most cases, the decision packages included only output measures with relatively few outcome or efficiency measures reported.

III.2 Current Agency Initiatives to Advance Performance Measurement

- *The 1999 Performance Audit of the Motor Vehicle and Driver Licensing Functions of the DOL* conducted by PricewaterhouseCoopers for the Joint Legislative Audit and Review Committee made recommendations to improve the DOL's performance management. Relevant recommendations included:
  - The DOL should seek additional resources to increase monitoring of both its own internal operations, as well as the operations of vehicle licensing agencies and subagencies.
  - The Vehicle Services Division should revise its performance measurement system as follows: a) reduce the number of measures and focus them on core processes and objectives, b) ensure diversity as to types of measures, c) align measures in accordance with their strategy and budget, d) set reasonable yet challenging targets, and e) provide for periodic reporting of results.
  - The DOL should a) reevaluate the strategies and initiatives in its Information Services Division (ISD) Strategic Plan to determine the extent to which they advance DOL-wide goals, b) revise the plan to reflect this consistency, and c) develop a small number of performance measures that will directly track progress toward ISD strategies.
- The DOL has made significant gains toward implementing these audit recommendations. Some of these gains are discussed below. Specific findings and recommendations related to the number, nature and quality of performance measures will be covered in subsequent volumes of this report.
- The concept of Performance Agreements between supervisory and reporting personnel has become part of the management processes for the Director, Assistant Directors, and Program Managers. Performance Agreements tend to be "to do" lists of important projects/strategies the agency intends to implement. This process helps to align activities towards common goals.
- The agency recently piloted a business intelligence product in the Business and Professions Division to see if the software would be useful in improving the agency's ability to mine data and analyze performance. The pilot results were positive so the agency is currently in the process of putting out an Request For Proposal to purchase a business intelligence solution for the agency.
- Interviews reveal that Licensing Business Review (LBR) (described in the prior section) participants see significant benefits in the process that include:
  - Providing Assistant Directors with the opportunity to learn more about other division activities.
  - Involving staff at various levels to participate in the development of division presentation on performance measures to impress upon them the importance of communicating results quantitatively.
  - Providing a forum for brainstorming on how divisions can work together to resolve issues and improve performance.
- In 2004 the manager and supervisor performance measurement training program called "Three Steps to Performance Transformation" was launched to cascade the LBR concept to the program manager and supervisor levels in the organization. To date,

there have been two kick-off sessions. Plans are for ongoing quarterly updates where supervisors and managers are required to present a report on their unit's performance to their peers.

- Interviewees told us that the DOL standard leadership training program provided to supervisors encourages translating the agency's vision, mission and goals to the business unit level which is consistent with performance management principles and the State's philosophy of alignment demonstrated by the Priorities of Government.
- The Vehicle Services Division has enlisted the help of T.S. Marshall Associates Inc. to develop its performance monitoring and reporting capabilities. Working with the consultant, the Division has preliminarily identified over 200 measures covering all programs and is attempting to set performance baselines and collect data. Measures will be loaded into an Excel model that will perform routine calculations and prepare graphs.
- DOL has secured Savings Incentive Funding to update the random sample customer survey that was conducted in 2001. The Savings Incentive Program was created in 1997 to promote efficient spending in agencies and to help support public schools. The program allows agencies to receive credits for one half of unspent appropriations that can later be spent on one-time activities that will improve quality, efficiency, and effectiveness of customer services. Remaining savings in unspent appropriations are directed to the Education Savings Account that funds improvement in K-12 and higher education in the State.

IV. Findings and Observations by Division

IV.1 Driver Services Division

- The Division Strategic Plan and Balanced Scorecard were developed for the 2003-2005 budget cycle. The Division has never reported on progress of the 2003 Balanced Scorecard to the Director because Performance Agreements between the Director and AD have replaced the Scorecard as the tool used to discuss performance on a quarterly basis.

Driver Examining

The Driver Examining Program delivers driver licensing and identification card services to customers statewide from 64 Licensing Service Offices (LSO) in addition to services provided via the Customer Service Center, mail and the Internet.

- DOL is keenly aware that the agency has a unique opportunity to provide services to a very large percentage of the population. The experience a customer has at DOL not only shapes the public's perception of the DOL but can also form the public's overall perception of the efficiency and effectiveness of Washington State Government.
- Wait time is considered to be a major driver of customer satisfaction with Licensing Services. Interviews confirm agency documentation that the average wait time is the major performance measure in Driver Services that unifies staff at all levels towards a common purpose. Management at all levels realize that wait time alone is not an accurate assessment of overall performance and must be combined with subjective judgment and observation to determine if staff is providing quality service in a timely manner.
- The DOL has adopted 20 minutes average wait time for service at Licensing Service Offices as a performance standard. This standard was developed based on analysis of comment cards received by the DOL in 1999 and a random sample customer survey conducted in 2001. The studies concluded that customers believe that 20 minutes is a reasonable time to wait for licensing services.
- The 20 minutes wait time standard appears to be in the ballpark of other studies on wait times in licensing offices. For example:
    - Focus groups conducted as part of the 1999 JLARC Performance Audit revealed customers believe a wait time of 1-15 minutes is acceptable.
    - The American Association of Motor Vehicle Administrators (AAMVA) Report, "Customer Service Model Practices, What Gets Measured Gets Done," contains the result of a survey that included 50% of all AAMVA members. Notable results include that many jurisdictions report on walk-in customer wait time and report service standard wait times that range from 5 to 45 minutes. Some standards were based on customer surveys; others were based on legislative or administrative mandates.
    - The State of New York conducted a survey that revealed that customer dissatisfaction was strongly correlated to wait times of 30 minutes or more. The survey also states that it would be a good idea to measure effectiveness or quality of service – even if the measures are not perfect.

- In 1990 the larger Licensing Service Offices (LSO) implemented the Q-Matic lobby management system. Initially, the primary goal was to allow customers to take a number so they could sit down while waiting for service rather than having to stand in line. Over the years LSOs been experimenting with how to leverage the technology available to manage workload and wait times.
    - The Q-Matic can place customers into difference queues based on the type of services they require. The Q-Matic can have several different queues, however the two most commonly used queue categories are "license renewals" and "all other services" (which are typically more time consuming than renewals). LSO supervisors or Licensing Service Representatives (LSR) can manage wait times by monitoring real-time wait data shown on the computer screen and adjusting how many LSRs are assigned to each customer queue to even out workload and customer wait times.
    - Starting in 2003, customers are able to view wait times of the LSOs with Q-Matic lobby management systems over the Internet, allowing them to choose which LSO they wish to visit.
    - Some of the largest LSOs with Q-Matic machines also have a "greeter booth." The greeter booth serves as a reception function that performs a triage of the customer's service needs and selects the appropriate button to properly queue the customer for the services they require. The greeter can also determine if a customer has the proper information with them to complete the transaction they desire before they enter the queue and wait for service at the counter. Interviews revealed that in offices where there is no greeter, customers frequently push the wrong button or multiple buttons which interferes with the Q-Matic queuing logic and hinders the LSO's ability to manage wait times.
    - Two LSO managers interviewed believe that the data in the Q-Matic is valuable, but they are not able to maximize the benefit they could gain from the system because they need more training in how the use the system and they do not have enough time to study the system and analyze data.
    - The District Manager interviewed uses the data from the Q-Matic system extensively in daily management practices to observe LSO wait queues and evaluate LSO performance.
- In 1999, a Workload Model was developed to assist DOL in managing LSO wait times. The model reports LSO lobby wait time and associated "grades", utilization rates, drive test wait time and pass rates, and percent of wait times over 45 minutes. The workload model is used at all levels of management in the division to actively manage wait times. The data in the model appears to be particularly useful to higher level management because it provides a very brief snapshot of activity at the many LSO offices across the state. Wait times and wait time grades are the measures of primary concern to LSO managers. Currently DOL is in the process of updating the workload model processing time assumptions.
    - Driver Service management wants to impress upon staff that the Workload Model is not intended to be punitive. The statistics are a problem solving tool to help the division identify opportunities for improving performance.
- DOL is actively pursuing other initiatives to manage costs and improve customer service. Examples of Driver Licensing customer service improvement efforts include: providing Internet and mail-in license renewals and automating driver test scheduling.

- Personnel interviewed at all levels of the Driver Services Organization believe that the culture is changing to more actively pursue staff input on major operational changes. Today, operational changes are typically piloted and refined with staff input before being rolled out to all LSOs statewide. Also, both LSO supervisors interviewed mentioned that some suggestions generated by staff, such as on-line forms have been implemented. The LSO supervisors say that these successes have been a morale booster for long-term staff.

<u>Driver Responsibility</u>

Driver Responsibility administers all laws and rules affecting the status of driving privileges, maintains driving record information, and controls access to that information.

- Driver Responsibility performance measures are focused on document turnaround times relative to standards and associated backlogs.
- An issue identified in SMG's research is that accident processing has a backlog of 250+ days because the Washington State Department of Transportation (WSDOT) is behind on data entering and scanning accident reports. The current process is paper intensive and inefficient. DOL and WSDOT are working on alternatives to streamline the process.
- The technology that supports Driver Responsibility business processes is antiquated. Staff is working on an archaic Unisys system that uses abbreviations and codes typical of older technologies that are not easily understood. Despite this, the group is managing workload that has increased 225% over the last four biennia while staffing has decreased from 136 to 130 full time equivalent employees. The agency is in the process of managing the migration from the Unisys system to more modern .NET technology. Once this is complete, DOL will be able to build front end applications that will improve the ability to complete work in a timely manner. The migration should be complete in July, 2005.
- The ability to retrieve needed data is hampered by the lack of a true data-mining tool. Driver Information Services developed a server-based information system called Data Mart. This system has expanded the breadth of data that can be provided. However, the Driver Responsibility Unit is unable to use the system to its full potential because the existing knowledge is contained in cryptic codes and fields that require specialized training and in depth knowledge of driver license processes to interpret. Data Mart currently uses Structured Query Language (SQL) script for data inquiries and does not have an easy to use front-end application. More work needs to occur to ensure the Driver Responsibility Unit is getting valid, timely data from the Data Mart system.

<u>Hearings and Interviews</u>

Hearings and Interviews administers the state laws that provide drivers their right to appear at an interview or hearing to contest any DOL proposal to administratively suspend, revoke or restrict their driving privilege. The major outcomes for the Hearing and Interviews Section is to improve safety on the streets by keeping unsafe drivers off the road and providing constitutional due process to persons wanting to contest a DOL administrative action.

- The program manager developed a spreadsheet based Workload Activity Reporting System that consolidates individual Hearing Officer Activity reports. The reports focus on number of events (hearings and interviews) conducted, number of events per day or month and dismissal rates by reason for dismissal. Hearing officers input the event and time-tracking data that is rolled up on a monthly basis. The reporting process requires about 2 days of the manager's time per month. The reports provide a tool for managing workload and identifying where performance issues might lie. The report is reviewed with staff monthly. Supervisory personnel sees value in the performance measures, but it is likely that the hearing officers do not see the value in collecting the data.

- Primary performance measures are dismissal rates, number of hearings held/workload, and reason for dismissal. Supervisors also review a sample of hearing tapes and case paperwork to check the quality of work completed by each hearing officer and enter a quality rating.
- A long-term outcome measure of the quality of the hearings process is measuring how many hearing results are overturned in the appeals process. Currently, approximately 80-85% of hearing appeals prevail. While appeal results are an effective outcome measure for the quality of work, the lag time for an appeal to be resolved can be up to 2 years after the original hearing. That is why supervisors review hearing officer case records and tapes to assess the quality of work in a more timely fashion.
- The division is currently participating in a study with the University of Washington to determine the effectiveness of programs to reduce the number of repeat Driving Under the Influence (DUI) and dangerous driver offenders. The study compares the effectiveness of awareness program, survey program, and individual counseling program options. The study final report should be published soon.
- An example of how performance measures were used to improve performance was a collaborative effort between the section and the Washington State Patrol (WSP) to reduce the DUI dismissal rate from 37% to 20%. Dismissal Reason Reports indicated that one third of the DUI dismissals were due to missing and illegible police reports. DOL and WSP resolved this issue by implementing a program to scan and electronically submit police reports to dramatically reduce the dismissal rate.
- DUI hearings receive the highest priority because there is a statutory requirement that hearings must be held within 60 days. Medical and commercial hearings also get priority and consistently meet the goal of conducting hearings within 10 days of suspension. Low priority financial responsibility and continuing offense hearings have a backlog of approximately 3,000 cases. The manager estimates that the backlog could be eliminated in about 9 months with the help of the additional hearing officers that are requested in the 2005-2007 budget.
- A significant productivity issue is that up to 30% of hearings are subject to cancellation due to no shows.

IV.2 Vehicle Services Division

- All program administrators participated in the 2005-07 strategic planning process. For some, the activity was more top down; for others, much of the planning was completed before management direction was received.
- Assistant Director Myke Gable is committed to performance measurement. Although relatively new to the position, he is working with consultants his predecessor hired (T.S. Marshall Associates), his internal staff consultant, and program administrators to identify a broad portfolio of measures that is consistent with the strategic plan and division priorities.
- The Division has identified measures covering all programs and is attempting to set performance baselines and collect data. The Division has developed its initial portfolio

of measures, is collecting applicable data, and is setting performance baselines. The Division will modify the measures as they are "tested" by use. In addition, the Division is synchronizing common measures across programs, such as full time equivalent (FTE) positions, FTE variance, budget, revenues.

- Data has always been collected by this Division, but now administrators are reporting that they are able to evaluate and organize data and make it more visible.
- The DOL has placed a high priority on increased use of the Internet to deliver key vehicle services. Commercial carriers, individual vehicle/boat owners and vehicle dealerships all have Division services available to them through the Internet for certain types of transactions and reports. The Division is beginning to measure its use of the Internet, but may need to find better ways to compare the cost of providing services through its various delivery channels: Internet, mail, agents and subagents.
- The agency prepares a comprehensive Fee Study for both Drivers and Vehicle Services. For Vehicle Services, projected workload/transactions are multiplied by current fees to forecast revenues. The model also compares fees for Washington, Arizona, California, Idaho, Montana and Oregon. The Study examines current expenditures per program with revenues collected, and may present an opportunity to construct performance measures related to cost of service that are not currently identified.

<u>Title and Registration</u>

This program issues vehicle and vessel licenses and titles through county auditors and subagents. The program also manages specialized license plates and disabled placards, updates vehicle records from mandatory reports submitted by insurance companies and vehicle wreckers and applies required title brands, provides "help desk" support to agents and subagents; and provides vehicle record information to law enforcement.

- The majority of fee revenues generated by this program go to the Motor Vehicle Fund. Use tax, vessel excise tax and registration fees go to the General Fund. Taxes are also collected for local taxing authorities, private entities and other state programs. Consequently, revenue by type is important operational management information for this program.
- The program has identified and has begun to collect data on a broad range of performance measures, including measures of efficiency and timeliness in addition to workload. The program is also monitoring its Internet activity.
- The use of subagents presents a unique set of performance measurement challenges to this program. Subagents are independent business entities that contract with county auditors to provide vehicle title and registration services. The agency conducts audits of both county and subagent offices to identify specific areas on non-compliance with established policies and procedures. The Field Support area of Title and Registration Services regularly examines title applications to monitor the required 95 percent accuracy rate required by contract. The Division is contracting for a time study in the subagencies to establish average times per transaction. The time study is planned to be completed in early 2005.

<u>Dealer and Manufacturer Services</u>

This program is responsible for protecting consumers who purchase vehicles in the State of Washington by licensing vehicle manufacturers, salvage and towing operations, and vehicle, vessel and manufactured home dealers.

- The program has identified Certifications, Recertifications, Audits, Customer Complaints, Dealer Training, Dealer License & Plate Pickup, Compliance Case Review, and Late Title Investigations, as its highest priority core functions. The program has created a set of performance measures to report activities, workloads, and enforcement actions taken. In addition, the program plans to monitor transaction timeliness.
- This program faces the challenge of being self-supporting, and must manage recent staff reductions, increasing numbers of consumer complaints, and industry perceptions.

Prorate and Fuel Tax

This program administers tax laws related to vehicle fuels and licenses large trucks for which fees are prorated among several states through the International Registration Plan, or IRP. This program also receives federal funding for two cost-saving programs: the Commercial Vehicle Information System and Network (CVISN) and the Performance Registration Information Systems Management (PRISM) Program.

- This program collects approximately $1.9 billion in fuel taxes per biennium, and $43.8 million in Washington commercial vehicle registration fees. The revenues generated by Prorate and Fuel Tax comprise 90% of the state's transportation budget and 73% of the DOL's budget.
- In addition to monitoring revenues, the program must adhere to certain compliance audit benchmarks that are established by the federal government. Other performance priorities include cost of service, refunds, and warrant errors.
- According to the program administrator, staff in this program is aware of the Strategic Plan and seem to understand the purpose of the performance measures. This program was proactive in the preparation of its own 2005-2007 Draft Strategic Plan.

IV.3 Information Services

The Information Services Division (IS) manages the computer hardware, software, network technology and business application software that supports all DOL business functions.

- Information Services for the DOL have been centralized under a Chief Information Officer (CIO) to provide better service and more flexibility in spending.
- The Division's Strategic Plan has been updated to reflect recent organization changes and service directions. Goals and objectives appear to be in better alignment with statewide and DOL goals.
- Information Services maintains Service Level Agreements with its internal DOL customers that contain key measures of performance, and routinely participates in the Licensing Business Review (LBR) process
- Information Services Division is using the Software Engineering Institute's Capability Maturity Model (CMM) to help improve its application development processes. As part of its ongoing process improvement activities, the Division is expanding its use of metrics (specialized performance data/measures) to manage the application development lifecycle. Certain metrics (number of emergency releases, problem reports, for example) are routinely monitored and are discussed with managers monthly.

IV.4 Administrative Services Division

Administrative Services (AS) is included in this review of performance measurement because telephone customer service for all divisions is in the process of being centralized in the Customer Service Center. Centralized telephone customer service must pass the same hurdle as Information Services – to allocate costs to program budgets. AS also provides cash receipting services for revenue collected.

- The AS Division continues to use the Balanced Scorecard as its primary performance management tool. Program managers are responsible for reporting on Scorecard measures that are relevant to their program.
- Program managers assist in producing LBR reports.
- The AS Division also maintains Service Level Agreements with the other DOL divisions it services. Service Level Agreements contain performance standards and measures. Status is reported to customers monthly.

<u>Customer Service Center</u>

The Customer Service Center is responsible for responding to incoming telephone, email and mail inquires for information about DOL services.

- DOL has owned the same Call Management System (CMS) for 10 years. Historically DOL received monthly hard copy reports on call statistics even though the system was capable of providing real-time call performance data. Customer Service Center performance was not actively managed.
- Two years ago the telephone customer service functions were distributed to the Vehicles, Drivers, and Business Services Divisions. The Customer Service Centers field inbound customer service information inquiries. Call performance was poor. In 2001 and 2002 on the average customers received 40,000 to 60,000 busy signals per month. In the month of January 2002 there were 172,000 busy signals logged. At this point the DOL Director demanded that the agency launch a performance improvement initiative to improve telephone customer service with the goal of reducing the number of busy signals by 50%.
- Allan Haight was hired as the new Customer Service Center manager in 2002 with the directive to improve Customer Service Center performance and reduce busy signals by 50%. Mr. Haight embarked on an aggressive program to improve Customer Service Center performance that has more than exceeded this performance target by the end of 2003, logging only 1,256 busy signals by December 2003, which amounts to a reduction of approximately 97%. Today, busy signals have been nearly eliminated and overall call statistics have improved dramatically. Mr. Haight's performance improvement program includes the following components:
  - A performance management program that is based on real-time call statistics that are available from the same CMS system DOL has owned for 10 years. The manager and supervisors review daily and weekly performance reports and can see real-time call statistics on their computer screen. Managers and supervisors have developed production reports and perform ad hoc queries on the data to analyze call activity in total and by individual. Staff views real-time call statistics on a reader board. Performance management has become part of the Customer Service Center's organizational culture.

        - Customer Service Center performance measures include: hours on the phone, average talk time, busy percentage, abandon rates, calls per FTE, cost per call, and quality based on calls monitored by supervisors. Call quality data is captured in a database to provide for easy reporting.
        - Call performance is monitored in total, by customer division, and by individual customer service representative.
    - Consolidating the three division Customer Service Centers into one Customer Service Center to allow for better management of workload. The consolidation will be complete by January 2005.
    - Implementation of an Interactive Voice Response (IVR) system to answer frequently asked questions and reduce the number of calls that required the attention of a customer service representative. Approximately 40% of calls are diverted by the IVR system.
- The manager is currently studying absenteeism. The manager determined that the Customer Service Center suffered from a loss of approximately 1,099 people/hours in September 2004 due to absenteeism. Currently the Customer Service Center is collecting data to study the absenteeism issue and is working with Human Resources to research potential solutions.

<u>Revenue Accounting</u>

Revenue Accounting is responsible for accurate and timely processing of all DOL revenue. Meeting timeliness and accuracy standards are the primary measures. These measures contribute to the Administration Division's Balanced Scorecard.

- Performance measures are used in cost benefit analysis to justify investments in new technology to support improved processing performance.